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Financial Reporting Research Update

By Jim Hawke and Ronora Stryker

Research is a primary mission of the Financial Reporting Section and a significant use of our section dues revenue. Here is an update, as of June 2017, on projects in process and those recently completed.

CURRENTLY IN PROCESS...

The 2015 research report on Earnings Emergence Under Multiple Financial Reporting Bases is being expanded to examine an additional product and upcoming accounting changes. The original report looked at deferred annuities and term life insurance under US SAP, US GAAP, IFRS, CALM, and market-consistent balance sheet approaches. The expanded report will add universal life and make updates for principle-based U.S. statutory reserves, targeted US GAAP changes, and the new IFRS for insurance products. Work has just begun on this project.

Waiver of Premium in a principle-based environment—the Financial Reporting Section is co-sponsoring this review of pricing, reserving and experience with the Product Development Section. The Project Oversight Group has been formed and a researcher has been selected. This project is in the very early stages.

PBA Change Attribution Analysis—this project will study the drivers of change in principle-based reserves. This project is in the later stages, with a planned SOA webcast and presentation at the Valuation Actuary Symposium in August.

Simplified methods for principle-based reserve calculations—the project oversight group has selected the researcher and work is in the middle project stage.

Modern Deterministic Scenarios—a review of possible deterministic scenario sets which could be useful to company management, regulators and rating agencies under PBA. This project is in the final stage and we anticipate publication very soon.

COMPLETED IN 2017...

Actuarial Model Governance: A Survey of Actuarial Modeling Governance and the Industry Evolution Report—this is an

update to the original 2012 report co-sponsored by the Financial Reporting and Modeling Sections. <https://www.soa.org/Research-Reports/2017/2017-01-actuarial-model-governance>

COMPLETED IN 2016...

Nested Modeling—A company survey on the use of nested stochastic modeling and an analysis of ways to reduce run time and improve the efficiency of nested simulations: <https://www.soa.org/Research-Reports/2016/nested-stochastic-modeling>

PBA Implementation Guide Update and PBA Beginning Tales: <https://www.soa.org/Research/Research-Projects/Life-Insurance/research-2013-pba-implementation-guide.aspx>

Retention Management: <https://www.soa.org/Research/Research-Projects/Life-Insurance/research-quantitative-retention.aspx>

Predictive Analytics Call for Papers: <https://www.soa.org/News-and-Publications/Publications/Essays/2016-predictive-analytics.aspx>

COMPLETED IN 2015 ...

Transition from Low to High Interest Rates: <http://www.soa.org/Research/Research-Projects/Life-Insurance/research-2015-rising-interest-rate.aspx>

Multiple Measurement Bases: <http://www.soa.org/Research/Research-Projects/Life-Insurance/2015-earnings-emergence.aspx>

VBT/CSO Impact Study: <http://www.soa.org/Research/Research-Projects/Life-Insurance/research-cso-impact-study.aspx>

Tail risk/correlation of risk primer: <http://www.soa.org/Research/Research-Projects/Life-Insurance/2015-extreme-events-for-insurers.aspx>

Many of these projects were co-sponsored with other sections and organizations. Please visit the SOA research website for more information, or contact Jim Hawke or Ronora Stryker. ■



Jim Hawke, FSA, MAAA, is the chairperson of the Financial Reporting Section. He can be contacted at jamesshawke@gmail.com.



Ronora Stryker, ASA, MAAA, is a research actuary for the Society of Actuaries. She can be contacted at rstryker@soa.org.